



Statement in Support of SB 211
“An Act Allowing Employers to Pay Wages Using Payroll Cards”

Joint Committee on Labor and Public Employees
February 25, 2016

Visa appreciates the opportunity to submit the following statement in support of SB 211. If enacted, SB 211 would expressly authorize the use of payroll cards in Connecticut while ensuring that a number of consumer protections are in place.

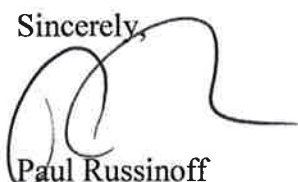
Payroll cards bring the benefits of direct deposit to employees without bank accounts and to employees with limited access to traditional financial services. These benefits include increased security and convenience, as well as prompt access to full net wages regardless of employee location and during severe weather conditions and natural disasters. Payroll cards also benefit employers by allowing them to streamline their payroll processes, increase efficiency, and in many instances reduce costs.

Despite these benefits, the Connecticut Department of Labor takes the position that payroll cards are not permitted in the absence of express statutory authority. Visa understands that Connecticut is the only state in the country that does not recognize payroll cards as a permissible method of wage payment. A statutory amendment, as provided by SB 211, is therefore necessary to align Connecticut's wage payment statute with modern wage payment practices.

SB 211 would allow employers to offer payroll cards to employees in Connecticut on a voluntary basis. Employers would be required to provide an employee with information about the payroll card, including the voluntary nature of the program and the terms and conditions of the account, before obtaining the employee's authorization. The employer also would be required to disclose the employee's other wage payment options. Under SB 211, employees who elect the payroll card option must have the ability to withdraw their full net wages from their payroll card account each pay period, and the ability to check their account balance, both without charge. SB 211 would require that the funds deposited into a payroll card account be federally insured on a pass-through basis to the employee, and that the account carry the consumer protections of the federal Electronic Fund Transfer Act (EFTA) and its implementing regulation, Regulation E. Among other things, these protections include access to account information, dispute resolution procedures, limited liability for unauthorized card use, and advance notice of changes in terms and conditions of the account.

SB 211 represents a compromise struck by key stakeholders who have worked for the past five years to craft legislation that would work in Connecticut. As such, Visa respectfully urges the Committee to approve this bill. Please do not hesitate to contact me at (202) 419-4106 if you have any questions.

Sincerely,



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